



834 Transaction Project HIPAA Integrated Assessment Report

November 7, 2003
Version 4.6



Document History (Version Control)

Version	Date	Author	Brief Description of Modifications
1.0	9/23/03	Danielle Marquez	Created
2.0	9/24/03	Danielle Marquez	Edited for content
3.0	9/25/03	Danielle Marquez	Added technical information and expanded on internal descriptions
4.0	10/9/03	Danielle Marquez	Re-formatted the entire document using input from the 834 Project Team.
4.1	10/9/03	Danielle Marquez	Edited technical (JL)
4.2	10/9/03	Danielle Marquez	Edited content (JL)
4.3	10/9/03	Danielle Marquez	Edited content (Project Team)
4.4	10/17/03	Danielle Marquez	Added Legal findings
4.5	10/20/03	Danielle Marquez	Edited Technical Findings content (JL)
4.6	11/07/03	Danielle Marquez	Edited content (LK)



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Background

The Department of Health Services Office of HIPAA Compliance (DHS-OHC) efforts began in the fall of 2001. Although work temporarily halted on the project due to the lack of a signed State budget, restart projects were initiated to quickly make up for lost time. The DHS-OHC re-started the analysis of the 834 Transaction project in July of 2003. The objective of the DHS-OHC 834 Transaction Project is to implement the HIPAA-compliant Benefit Enrollment and Maintenance Transaction.

Medical Care Services (MCS) administers California's Medicaid program (Medi-Cal) and the program's eligibility, scope of benefits, reimbursement, and other related components. In order to manage medical services in a fiscally prudent manner, MCS is organized into several Program Business Areas that help in the administration of the Medi-Cal program. This project focuses on two of the Program Business Areas: the Medi-Cal Managed Care Division (MMCD) and the Medi-Cal Dental Services Branch (MDSB). The Office of Long Term Care (OLTC) Program Area has its enrollment and disenrollment functions performed by MMCD. Therefore, for the purposes of this assessment, OLTC business functions were absorbed into the overall business processes of the MMCD.

The mission of this document is to summarize the business, technical, and legal assessment findings of potential impacts with implementing the 834 Benefit Enrollment and Disenrollment Transaction. This document will serve to:

- Provide DHS-OHC executives and decision makers with a high-level understanding of the potential impacts that exist today between the current Medi-Cal and Denti-Cal Managed Care operational environments and the requirements of a HIPAA compliant environment.
- Provide all Program Business Area supervisors, senior analysts, and information systems technical staff with enough information to understand the impacts of implementing the 834 Transaction, and the characteristics of the business processes and technical components that will need to be modified in order to achieve HIPAA compliance.



The Assessment Process

The 834-project team utilized internal assessment methodologies to meet the objectives of the 834 Transaction Assessment project. The approach consisted of a review of preliminary assessment findings performed in August 2001, conducting assessment interviews, performing analysis of findings, and developing the business process information relative to potential HIPAA impacts. Next, the information was organized and reviewed for completeness using the requirements of the HIPAA transaction regulations. Lastly, the results of the analysis are documented in both summary and detailed representations of the findings. The principal findings of the Business, Technical, and Legal Assessments are presented below.

HIPAA Business and Technical Assessment Findings

1) The HIPAA 834 Benefit Enrollment and Maintenance Transaction Regulation Federal compliance deadline is October 16, 2003. OHC is executing a phased approach to compliance leveraging previous analysis completed on the 834 Transaction. A number of impacts have been identified relative to the existing business processes surrounding methods of obtaining benefit enrollment and maintenance information and the proposed implementation of the HIPAA compliant transaction.

The Health Care Plans are provided with a subset of the MEDS beneficiary information system, a file labeled the Fiscal Intermediary Access to MEDS (FAME) extract file, to obtain beneficiary enrollment and disenrollment information. While the FAME extract provides valuable benefit enrollment information, it also provides internal Program Business Areas and external areas (EDS and the Health Plans) a source of valuable enrollment history, eligibility, and financial information. Within a very aggressive timeframe, DHS-OHC must develop, document, remediate, and implement a HIPAA compliant transaction that provides the enrollment and disenrollment information. In addition, DHS-OHC must remediate the processes of obtaining this “other” information so it does not disrupt the daily activities of any internal or external Program Business Areas, which includes the millions of beneficiaries enrolled in these programs.

Implementation of the 834 Transaction may have a substantial impact on these areas’ business processes and their associated information systems. A remediation of the identified gaps relative to the 834 Benefit Enrollment and Maintenance Transaction must be integrated into the systems’ owners and vendors’ compliance efforts. Alternative options must be available to the Program Business Areas for a seamless transition of eligibility information into the new and/or remediated computer systems.



2) Although the primary HIPAA affected information system currently used by MMCD and MDSB operates under another Program Business Area, their compliance activities need monitoring by DHS-OHC. Furthermore, MMCD and MDSB need to be prepared for the resultant business impacts as system changes occur.

The following program areas have multiple processes involved with multiple computer systems and applications. The Medi-Cal Eligibility Branch (MEB) is the “client owner” of MEDS and almost all MEDS related systems. Any changes to these systems must be approved and processed through MEB. MMCD is the primary user of the health plan enrollment information contained in MEDS; however, there are multiple Program Business Areas that also use enrollment and disenrollment information. MDSB manages the activities of the Medi-Cal Dental program, which provides fee-for-service dental care through a contract with Delta Dental Plan of California (Delta), managed care services through designated Sacramento Geographic Managed Care (SGMC) contracts and Primary Care Provider/ Primary Care Case Management (PCP/PCCM) contracts for Los Angeles, Riverside and San Bernardino counties. The Performance and Change Management Branch (PCMB) oversees the operation of the CA-MMIS system by the Fiscal Intermediary (currently EDS). It manages changes and enhancements to the system and monitors and verifies its integrity and accuracy. The Information Technology Services Division (ITSD) has systems maintenance and operations responsibility for all DHS application systems and has oversight responsibility for all systems that are operated by the Program Areas.

High-level descriptions of potential impacts are:

- The FAME file extract may need to be modified and/or remediated to produce the 834 Transaction.
- For CA-MMIS, if the enrollment component of FAME is transferred to the 834, some programs associated with FAME access may need to be modified and may need to be coordinated with EDS, the Program Business Areas and others.

3) During the analysis of the 834 Transaction, the current business processes of MMCD and its associated health plans were investigated for technical implications. The project team, through subsequent meetings and research, substantiated these technical issues.

There are four unresolved technical code/data issues requiring further analysis by the 834-project team. These include:

- Placement of the *Ethnicity Code* data
- Placement of the *Alien Code* data
- Placement of the *Language Code* data
- Placement of Beneficiary Historical Information



Placement of Ethnicity Code Data

The Ethnicity codes contained in the MEDS system do not have a direct correlation to the mandated Race/Ethnicity Codes in the 004010X094A1 834 Benefit Enrollment and Maintenance Transaction Set. Eleven of the twenty MEDS Ethnicity codes have no corresponding equivalents in the 834 Race/Ethnicity Code list. Using any of the eleven non-standard MEDS codes on the 834 would place CA-DHS in non-compliance. Ways to minimize the risk of non-compliance alternatives such as providing the Ethnicity Code in a supplemental file rather than on the 834 Transaction are under investigation. In addition, initiatives have been submitted to CMS to update the standard 834 Race/Ethnicity Code to include those used in MEDS.

Placement of the Alien Code Data

The Alien codes contained in the MEDS system do not have a direct correlation to the mandated Citizenship Codes in the 004010X094A1 834 Benefit Enrollment and Maintenance Transaction Set. All eight of the MEDS Alien codes have no corresponding equivalent in the 834 Citizenship Code list. Using any of the eight non-standard MEDS codes on the 834 would place CA-DHS in non-compliance. To minimize the risk of non-compliance alternatives such as providing the Alien Code in a supplemental file rather than on the 834 Transaction are under investigation. In addition, initiatives have been submitted to CMS to update the standard 834 Citizenship Codes to include those used in MEDS.

Placement of Language Code Data

The Language codes contained in the MEDS system do not have direct correlations to the mandated Language Codes in the 004010X094A1 834 Benefit Enrollment and Maintenance Transaction Set. Two standard language code sets are defined and may be used in the HIPAA 834 Transaction. These are NISO Z39.53 Language Codes and ISO 639 Language Codes. There is not a clear-cut differentiation between the two standards, and CA-DHS has chosen to use the ISO 639 Language Codes when populating the 834 Language Code data element. If it is not possible to map the MEDS Language Code to the ISO 639 Language Code, then a clear-text description of the MEDS Language will be placed on the 834 Language Description data element. In addition, initiatives have been submitted to CMS to update the standard 834 Language Codes to include those used in MEDS.

4) During the data mapping and analysis, some technical issues that warrant further investigation were uncovered.

The 834 Project Team will conduct a detailed analysis of the alternate technical options available to remediate the following two sets of information required for the Program Business Areas to continue normal operations.



- The first set of information contains CMS data, and
- The second set contains a beneficiary's historical data (including share of cost).

Both sets of data currently reside on the FAME file and are used by Program Business Areas and Business Associates to conduct normal business activities. However, there are not clearly defined fields within the 834 Implementation Guide to crosswalk this data.

Therefore, some supplemental format, other than the 834 Transaction, will be required to accommodate the CMS and historical information. This supplemental format will be available to all entities after remediation and implementation of the HIPAA compliant 834 Benefit Enrollment and Maintenance Transaction. In addition, MMCD is reviewing potential resolutions (that may include policy decisions) on how they will integrate compliance requirements of the 834 Transaction into their business processes.

Legal Assessment Findings

Covered entities are required to simultaneously comply with multiple laws at the federal and state level. In order to demonstrate due diligence in fulfilling legal requirements, identify areas of legal risk and select a reasonably effective compliance strategy in response to the identified requirements, the DHS OHC has conducted an assessment of the current legal environment at the state and federal level.

Data content derived from the 834 Transaction will become a part of MMCD and MDSB managed care plans' "designated record sets," as defined in the Privacy Rule. The designated record set of a covered entity is subject to the access, amendment, and accounting of disclosures provisions of the Privacy Rule. These provisions will need to be evaluated against the requirements at Section 1902(a)(7) of the Social Security Act that limit disclosures of records to beneficiaries only for "purposes directly connected with the administration of the program."

EDI trading partner agreements may require appropriate revisions in order to assure a minimum level of safeguards to protect the privacy and security of EPHI contained within the 834 Transaction, as well as other standard transactions conducted by MMCD and MDSB.



With the publication of the final Security rule in Volume 45 of the Code of Federal Regulations, changes were made to existing parts of the HIPAA rules, specifically Parts 160 and 162. Parts 160 and 162 are applicable to all of the HIPAA rules – Privacy, Transactions, and Security. The issue of federal preemption of state law (Subpart B of Part 160) also applies to all of the HIPAA rules.

The assessment information provided below references areas of state law in the California Codes and the California Code of Regulations that may affect the successful implementation of the 834 Transaction.

Table 1 – Potential Direct Impacts lists the regulations that may have a direct impact on the implementation of the 834 Benefits and Enrollment Maintenance Transaction.

Table 1 - Potential Direct Impacts

- | | |
|--|---|
| <ul style="list-style-type: none">▪ Uniform Electronic Transactions Act- <i>Civil Code</i> §§1633.1 – 1633.17
▪ Information Practices Act (IPA)- <i>Civil Code</i> §§1798.3 – 1798.78

▪ Health Insurance Portability and | <p>This title applies, (with exceptions where a record or signature is required by other law to be in writing, and other exceptions) to a business transaction where the parties agree to conduct a transaction by electronic means. This law should be reviewed in further detail in conjunction with a review of EDI trading partner agreements.</p> <p>The IPA is applicable to state agencies, but not local government. In general, the sections of the IPA pertaining to use and disclosure of health information have been modified to mirror the construction of the HIPAA Privacy Rule, and includes requirements pertinent to information security practices. The security requirements at §1798.29 may apply to MMCD and MDSB implementation of the 834 and other HIPAA transaction sets if encryption of the data transmissions is not required by mutual agreement. This area will require further analysis after the technical requirements and strategy for implementation have been defined</p> <p>Applicable to all state and county</p> |
|--|---|



Accountability Implementation
Act of 2001- *Health and Safety
Code §§130300-130317*

departments that provide health services, or other state and county departments who exchange information with departments to which the federal (HIPAA) rules apply. Establishes CalOHI leadership in HIPAA implementation. Provides assistance with preemption determinations, and authorizes state entities to adopt emergency regulations as necessary in order to implement HIPAA requirements.

Table 2 – Potential Indirect Impacts lists the regulations that may have an indirect or downstream impact on the implementation of the 834 Benefits and Enrollment Maintenance Transaction.

Table 2- Potential Indirect Impacts

- | | |
|---|---|
| <ul style="list-style-type: none">▪ Medi-Cal “Contracts for Medi-Cal Services and Case Management”- <i>Welfare and Institutions Code §§14087.3 – 14087.10</i> | <p>This section is indirectly related to the 834 Transaction. Requires notification of the health plan when it has been selected by or assigned to a beneficiary. Section 14087.31(x)(2) requires confidentiality of information about Medi-Cal applicants or recipients.</p> |
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Table 3– Non-Impact identifies the regulations assessed during this phase of the project that were deemed to have no direct or indirect impact on the implementation of the 834 Benefits and Enrollment Maintenance Transaction.

Table 3 - No Impact

- Knox-Keene Act- Health and Safety Code §§1340 – 1399.818
- Confidentiality of Medical Information Act (CMIA)- Civil Code §§56 – 56.37
- Medi-Cal “Third Party Liability”- Welfare and Institutions Code §§14124.70 – 14124.94
- Beneficiary Application Process- Title 22 Social Security, Division 3, Health Care Services, Subdivision 1, Chapter 2, Article 4



Legal Requirements

In the Requirements Phase of the 834 Transaction Implementation project, OHC will further define gaps between current business processes and HIPAA requirements, and will further consider legal issues as they relate to California law. A risk assessment will be conducted to identify legal risks associated with the implementation of the 834 Transaction, and a review of the Assessment and Requirements deliverables will be conducted with the Office of Legal Services.

Next Steps

The findings of the Business, Technical, and Legal Assessments provide an understanding of the impacts that implementing the 834 Transaction may have on the current operating environment.

DHS-OHC will use an integrated approach with the various Program Business Areas in order to meet the compliance requirements. The benefit of integrating the work efforts of all parties involved with the 834 Transaction will be the opportunity to mitigate risks and reduce costs by leveraging technical solutions and interdepartmental process improvements simultaneously.

As the project transitions from the Assessment Phase into the Gap Analysis and Requirements Phase, the focus of attention will be determining the business, technical, and legal requirements.

The business, technical, and legal assessments analyzed the existing business processes and compared them to the HIPAA compliant requirements. During the Gap Analysis and Requirements phase, only the HIPAA affected Program Business Areas and technical components identified will be analyzed to a greater level of detail.

The subsequent phases of the project will identify the following:

- Gaps between the current business and technical environments and those of a HIPAA 834 Transaction compliant environment
- Alternative solutions to remediate the potential gaps
- Risk/Benefit analysis for each proposed alternative solution
- A recommended solution that provides the Program Business Areas a method to achieve HIPAA 834 Transaction compliance

Any associated legal risks with the implementation of the 834 Transaction will be identified



Integrated Assessment Approval

We have reviewed the 834 Integrated Assessment document and hereby approve it.

Date _____
Russ Hart, Chief, PSD OHC Technology Section

Date _____
Lisa Murphy, Chief, MAS Manager

Date _____
Steve Soto, Chief, Plan Monitoring, and Member Rights Branch

Date _____
Reyanne Walker, Data Processing Manager